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CONFIDENTIAL SECTION 01 OF 02 DHAKA 001882

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PASS TO: USAID/ANE MARK WARD, USAID/DCHA/FFP, USAID/OFDA;  
EMBASSY NEW DELHI: AGRICULTURE COUNSELOR HOLLY HIGGINS

E.O. 12958: DECL: 12/03/2022

TAGS: EAGR ECON POL BG

SUBJECT: FOOD SITUATION - CDA, A.I. MEETING WITH FOOD AND  
DISASTER MANAGEMENT OFFICIALS

REF: DHAKA 1836

Classified By: CDA a.i. Geeta Pasi for reasons 1.4 (b) and (d)

¶1. (C) Summary: CDA a.i. and ADCM met with the top civilian officials of Bangladesh's Ministry of Food and Disaster Management. They reviewed current food shortage statistics and causes. The GoB officials explained that without sufficient Government food stocks, open market prices for grain are susceptible to opportunistic price gouging by traders. A lack of clarity remains on the level, timing, and modalities of food aid from other countries. End Summary.

¶2. (U) CDA a.i. and ADCM met on December 2 with Tapan Chowdhury, the Adviser responsible for the Ministry of Food and Disaster Management (MFDM), and Dr. Ayub Miah, the MFDM Secretary. Chowdhury thanked the CDA a.i. for the USG's

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prompt assistance in response to Cyclone Sidr's devastation (REFTEL). Chowdhury said that Adviser M.A. Matin, who is coordinating relief activities in Barisal, has been complimentary regarding the U.S. assistance.

¶3. (SBU) The CDA a.i. updated the Adviser on the progress of joint U.S.-Bangladesh relief operations. The CDA a.i. explained that the US military's unique humanitarian response capabilities will only be available for a limited period of time, and that it is crucial for the Government of Bangladesh to take full advantage of these capabilities while they are present.

¶4. (C) Chowdhury explained that the GOB is focused on providing relief in the most effective manner possible. Chowdhury said that he would be heading to Barisal for a two-day visit to the cyclone-affected areas and to directly observe the relief operations. Chowdhury complained that some politicians and media outlets sought to create a controversy over the presence of the US military for the humanitarian mission, but he also dismissed these groups as fringe elements.

¶5. (SBU) Turning to the food situation, Chowdhury said that food shortages are thing new8 in Bangladesh. The current situation is that action is needed now to avoid a future crisis with Bangladesh's national food security reserve, the Public Food Distribution System (PFDS). Chowdhury said that those affected by the cyclone would be

eligible for the PFDS emergency safety net activity now and the Vulnerable Group Feeding (VGF) program until March.

After March, cyclone affected populations would be able to benefit from the PFDS,s Open Market Sales (OMS) program.

(Comment: In addition to timely response to emergency situations, the PFDS also serves to stabilize domestic food grain prices to prevent excessive price hikes. End Comment.)

¶6. (SBU) Chowdhury explained that because of losses from this year,s two earlier seasonal floods, the GOB had only been able to procure locally 700,000 Metric tons (MT) of food out of its 1,200,000 MT target for supplying the PFDS. As a result of the cyclone, the anticipated procurement from the next crop will be down by 200,000 MT, leaving a net deficit of 700,000 MT for local procurement.

¶7. (C) The GOB is concerned that if it draws down its food stocks, grain traders will take advantage of the situation by engaging in price gouging. He said that the GOB needs to maintain 800,000 MT of food in its PFDS stocks at all times, and the current stock level was 742,000 MT. Chowdhury noted that the GOB (through the PFDS) only supplies 20% of the food demand, with the remainder supplied by the private sector.

¶8. (C) CDA a.i. asked Chowdhury about the announcement during the Indian Foreign Minister,s visit that India would allow the export of 500,000 MT of food to Bangladesh. Chowdhury welcomed India,s decision but confided that the GOB had requested from India a higher amount of 1,000,000 MT.

¶9. (C) The Adviser told us that both the private and public sector would be able to import food from India under this new provision, and admitted that the private sector would be able to move more quickly. Chowdhury conceded that the PFDS, procurement systems are very slow, and indicated that the GOB would likely waive the normal tender provisions. He

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anticipates that the private sector will import 300,000 MT from India, and the PFDS 200,000 MT. He said that unlike in the past, there are now a number of private traders with the capacity to import food quantities in the range of 20,000 to 30,000 MT each.

¶10. (C) When asked whether the GOB will accept the offer by the World Food Program (WFP) to procure food on its behalf, Dr. Miah said it was not likely. Miah explained that the WFP charges a 12% overhead on purchases, and that it would be difficult for the GOB to allocate funds to the World Food Program for procurement. Regarding the WFP,s worldwide appeal for food to address the immediate needs of the Cyclone Sidr victims, Chowdhury said the GOB would prefer the food not be procured in Bangladesh. The GOB prefers that donors procure food outside Bangladesh to avoid driving up domestic prices. Chowdhury said it was still an open question whether WFP or other donor procurement of food from India would count toward India,s 500,000 MT ceiling announced during the Indian Foreign Minister,s visit.

¶11. (C) The Adviser said that the GOB was still assessing what other donor contributions are forthcoming. The Indians had promised 50,000 MT, and Pakistan 10,000 MT, but it is not known when this aid will arrive. He said that the Saudis promised \$100 million in aid, of which 100,000 MT could be food. In the past, however, the Saudis procured food locally. The GOB is also considering importing food from Thailand and Pakistan. Thus far, the GOB has 100,000 MT of purchased food in the pipeline, and another 150,000 MT in process.

Chowdhury shared the figures and calculations the GOB has used to derive the outstanding food requirement of 1,000,000 MT. Of this total, he confirmed that the GOB was still seeking 500,000 MT of food aid from donors.

¶12. (U) In response to the open-ended request for food assistance, we confirmed that USAID is looking closely at Bangladesh,s food requirements and that we are considering how we might help beyond the \$15 million already announced.

We suggested that our experts might need to talk further with the GOB to refine the requirements; the Adviser welcomed further inquiries from us.

Pasi